



NEWS Release

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CITY CREDIT RATING UPGRADED AGAIN

ROCKPORT, TX – Fitch Ratings, a global leader in credit ratings and research, has upgraded the City of Rockport's rating to "AA" for \$315,000 outstanding limited tax general obligation (LTGO) bonds, series 2009; \$7.4 million outstanding combination tax and revenue certificates of obligation (CO), series 2009; and Long Term Issuer Default Rating (IDR). The agency also pronounced the rating outlook as stable. This is the second time in three years that the city's bond rating has been upgraded.

The upgrade of the LTGO and CO ratings and IDR reflect the application of Fitch's revised U.S. Tax Supported Rating Criteria, which was published on April 18, 2016. The 'AA' ratings incorporate the city's substantial independent ability to raise revenues, solid revenue growth prospects, moderate long-term liabilities, and exceptionally strong operating performance. The long-term liability burden is moderate relative to the city's economic resource base and is expected to remain in this range based on future capital plans.

According to Robert Henderson, managing partner of RBC Capital Markets and the City's financial advisor, the City's upgrade is significant in that Fitch changed its fundamental rating criteria to offer more precise component scoring. "This is reflective of the City being strong in the areas that Fitch thinks should be weighted, including management, revenue framework and long-term liability.

(more)

“In the management section, which correlates with operating performance, the City scored ‘AAA.’ The revenue framework, which deals with diversity of revenues and ability to raise revenues as needed, was scored ‘AA.’ And, the long-term liability component was scored as ‘AA’ due to high rapidity of debt repayment (79%) in ten years and modest outlook for additional debt,” he added.

Fitch expects Rockport to maintain balanced operations and exceptionally strong reserves throughout a moderate economic downturn due to its superior budgetary flexibility. Active budget management practices and the city's prudent reserve policy further enhance the city's operating performance.

Mayor C.J. Wax said, “The City Council watches closely the City’s long-term debt and the schedule of repayment. I’m pleased that Fitch has recognized the effort and has rewarded the City with another increase in our overall credit rating.” City Manager Kevin Carruth added “Fitch’s latest credit review and subsequent upgrading of the city’s rating recognizes the continuation of years of fiscal prudence and sound stewardship by the City Council and staff.”